The Challenge

To Regulated Industries

Sense61 a marketing communications and design publication of Lippincott & Margulies

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"The Fourth Branch of Government"

When Congress created the Interstate Commerce Commission to regulate the railroads in 1887, it set in motion a snowball of government power that has rolled faster and grown bigger ever since. Today, an executive has hardly a moment when he is not concerned with some form of government regulation, controlling or tempering his business activities and future planning.

Even industries not traditionally defined as "regulated" have become so, in part: auto safety, truth-in-packaging, and a tough new flammable fabrics law have been followed up by new laws on truth-in-lending, meat and poultry inspection, mail fraud, deceptive land sales, auto liability insurance and a host of product safety problems.

"We all know that it is a delicate matter to keep governmental controls to a minimum and still protect the public," said Campbell Soup's President, W. B. Murphy in a speech before the Grocery Manufacturers Association. "The trend is to greater control, and there seems to be no reversing the trend. As businessmen, we must view this as a continuing effort to erode our ability to operate, and it should be resisted whenever our common sense tells us that there is serious danger to the fundamentals of business operation."

Certainly the agencies have been disappointing in many ways: amateurishly administered, indecisive, slow, with little planning of policy. One reason may be that they have not grown as the result of any farsighted plan or carefully worked out rationale. Rather, they represent a long series of empirical adjustments to felt abuses, initiated by particular pressure groups rather than any general philosophy of governmental control. The result has been to create a huge bureaucracy that often seems to meddle legalistically in every possible detail without ever defining any consistent policy that will help businessmen know in advance what is allowable.

True, there is a section of the business community that isn't sure it really wants to know exactly what is allowable. If every new regulation must conform to some kind of rigid policy, it would rather take its chances on influencing individual agency decisions to be more favorable to them. The question is, does lack of any comprehensible policy lead to more freedom for the regulated or only more confusion?

The slowness of the agencies' case methods

ABC

has led critics to charge them with rendering "tomorrow's decisions for yesterday's problems." The FCC, for example, takes an average of 5 years to decide between competing applicants for a television channel. The CAB's last general air passenger fare investigation began in 1956 and didn't reach a decision until 1960, by which time the factual situation which gave rise to the proceedings may be presumed to have changed.

A Homogenizing Effect

However inevitable regulation may be, it creates many problems. First, it has an homogenizing effect, tending to make all companies within an industry basically similar in the products and/or services they market. Second, there is the effect of protecting the inept and the weak from the competition of the strong—or so sheltering a permissive monopoly that the instinct for efficiency and innovation is dulled. On the other hand, regulation can also be destructive to efficient but small companies who cannot afford, for example, the expensive legal counsel needed over a long period of time to plead a case before an agency.

Enveloped in this pall of sameness, and lacking the advantages of some other industries in their ability to innovate new products, many highly regulated companies allow themselves to be lumped together into a general category or sub-category, with little effort made to draw any particular distinctions among themselves. Others tend to rely on costly promotional advertising, which requires continuous effort and outlay to sustain any sort of advantage.

Only a few pace-setting companies have really risen to the challenge of setting themselves sharply apart from competition. By carefully exploring and analyzing what is truly different about themselves, they have been able to create meaningful and believable differences. And they have learned to project these differences in ways apart from advertising, which can never be the complete answer.

Because nearly all industries now come under some sort of government regulation, discussion will be confined to those who are most strictly regulated in three vital areas:

- their right to enter into business
- their right to expand their business
- their right to set prices for their products or services.

This includes major participants in the fields of transportation, power and finance.

Homogeneity?

Airlines:

Who's In Charge Here?

When a television commercial asks, "Is this any way to run an airline," a viewer might well rejoin, "But who does run it?" Certainly the airlines, like other highly regulated industries, get lots of "help" from the government.

On the other hand, a customer caught for an hour in a holding pattern above an airport because of inadequate air traffic control is not apt to blame the Federal Aviation Administration. Justly or not, he will blame the airline. And then we have the economy-minded passenger looking for a "deal." After several phone calls to various airlines (if he can get through), it will suddenly dawn on him that all the "deals" are the same, or almost. So which airline does he choose... and why?

Like it or not, many selective judgments concerning airlines are made on a negative basis. The new passenger often approaches the air travel jungle with trusting smile and unclouded judgment. However, after his nose has been bloodied once or twice, the smile turns to a frown and opinion commences to crystallize. This airline is never on time. That one has lousy service. Baggage handling is bad. Scheduling is poor. And so it goes until the winner or winners slowly emerge—those with the least derisive checkmarks against them.

The positive aspects create winners too... and here is where most airlines turn to advertising, the big but expensive guns of the communications arsenal. The resulting bang can be seen on television and in newspapers and magazines across the country—the "experienced" airline, the "friendly" airline, the "on time" airline.

But it makes little sense to talk about "on time" when there is a shortage of qualified air traffic controllers and alleged deficiencies in their equipment. And the FAA's solution of curtailing the number and types of flights at some major airports certainly does not make for much of a "love-in" between airlines and its passengers. And the words "friendly" or "experienced" must certainly acquire new definitions when an airline at the last minute announces it has cancelled or oversold a flight.

Lack of Marketing Identity

As a regulated industry, airlines have a problem of murky communications, the lack of a strong marketing identity. With routes and fares strictly regulated, scheduling generally similar, on-time arrivals not significantly different, and equipment up to date and able to get you to your destination in one piece, true competitive choice often moves into a vacuum of insignificance.

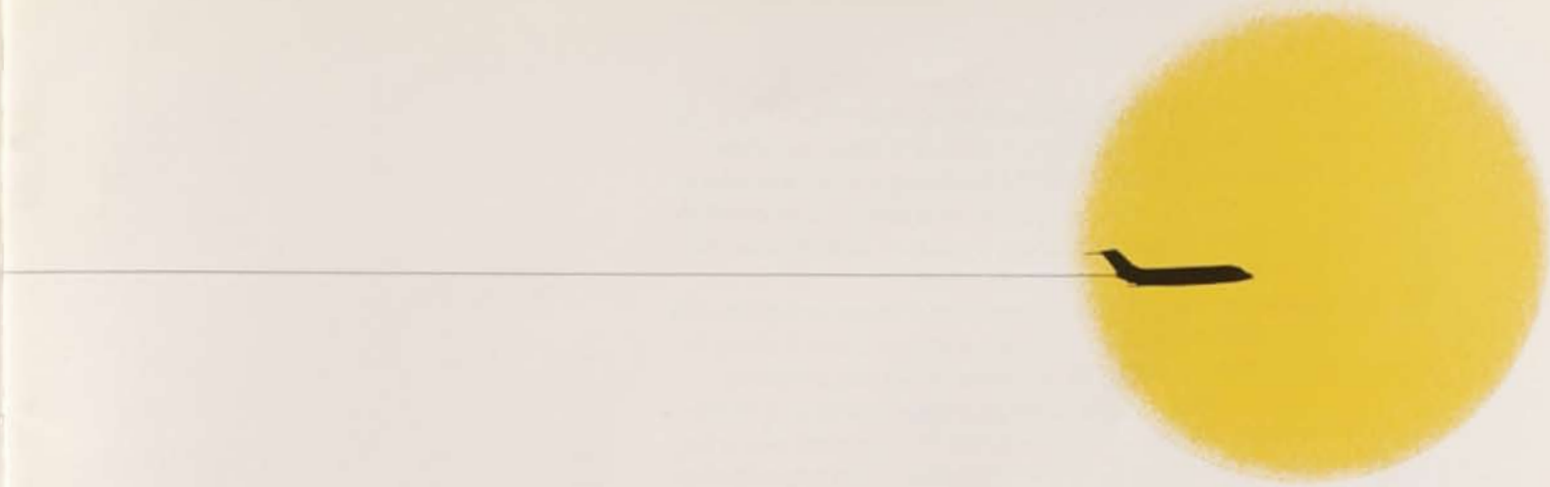
The Wall Street Journal commented on the situation saying, "With greater freedom to compete in price... the airlines might find it less necessary to compete in some of today's fairly foolish ways, such as the shortness of stewardess' skirts and the size of cocktails... More flexibility in fares might help ease the traffic jams... It would be interesting to see what happened to travel patterns if flights cost slightly more during aerial rush hours."

Thus airlines, like other highly regulated industries, find themselves in a marketing straightjacket—an assembly line of replicas stamped from a governmental mold. And the solution is not a mere paint job to create meaningful distinctions; it's already been tried. The answer lies in the full exploitation of the one area still within control—*communications*.

The word, communications, trips lightly over the tongue. Visions of sparkling ad campaigns, backlighted billboards and jets streaming to the sun immediately come to mind. What somehow is forgotten is the recorded telephone voice that pleasantly tells you to wait a moment and there you hang forever, the commercial in midwinter that extols the virtues of Miami when you're headed for Sandusky, Ohio, the parking lot that's a mile's walk from the terminal and you only found it because you were lucky, the public address system that is not connected to either the bar or the bathroom, an impression that a DC-3 will be waiting for you at the loading gate, the whole feeling that something is out of whack and nobody really cares. It is this sort of communications lag that is costing the airlines millions of dollars every year.

First Things First—
A Determination of Basic Philosophy

Just as no two companies share identical problems, there are no identical solutions. But before any effective communications program can be inaugurated, a determination must be made as to a company's goals, attributes, basic philosophy and areas of expertise.



The word, communications, brings to mind sparkling ad campaigns with jets streaming to the sun. What somehow is forgotten are the many small but irritating inconveniences.

In defining or redefining their businesses, many successful concerns have perceived that the core of a business is often a concept, a philosophy, a policy, a talent, an orientation toward a market, a capacity to effectively fill certain consumer needs.

For practical purposes of communication, any business must assume that it, and it alone, is running its business. While this presents problems, such as being unfairly cast in the role of the villain in circumstances over which there is no control, it also offers opportunities available to even the most regulated of industries. Namely, one's *performance*, and the *communication* of that performance.

Packaging The Corporation

Both performance and communications were to blame for the situation at Eastern Airlines in 1964 when it asked Lippincott & Margulies for assistance. Research showed that Eastern's customers rated it low in service, punctuality and courtesy. And this situation was reinforced by the airline's poor communications to the public—from drab ticket offices to outdated equipment.

It was obvious that Eastern needed far more than some new advertising or promotion. The assignment required what might be described as "packaging" the corporation in the broadest sense.

The strategy developed for Eastern was to project an impression of *substance, competence* and *inventive considerateness* at all levels. This strategy took many forms—new lounges and handsomely decorated ticket offices were designed to provide comfort, relaxation and unexpected services. New paging centers, bilingual ground hostesses and a greater number of customer service representatives were used to minimize the anxieties that often trouble air travelers. To capitalize on first impressions, advertisements offered refunds for the call if telephone answering time exceeded 20 seconds.

In addition to the purchase of more jet aircraft, the strategy also called for facilitated baggage handling and more efficient check-in service. And Eastern's on-time performance, which had been second poorest among all carriers, improved dramatically, surpassing all other airlines within the period of a year. No detail was overlooked including the soundproofing of ticketing and waiting areas to offset the disturbing, psychological problem of noise. Other factors contributing to Eastern's new

spirit included such diverse elements as stylishly designed stewardess uniforms, a sustained educational campaign for employees about the new program, a luxurious inflight dining service, new interior and exterior design, improved services in every area of passenger involvement. All contributed to the tone of quiet assurance and "here to stay" atmosphere reflected in all areas of communication.

Eastern's identity program was far more than just a "face lifting." It was an entire system of corporate communications, all of it pulling together to sell that most perishable of commodities: an airline's seats. Its success contributed to a dramatic turnaround in Eastern's balance sheet the next year when it went from an operating loss of nearly $6 million to a profit of nearly $30 million.

A Continuing Communications Obligation

Another vital aspect of any communications program is the necessity of maintaining its impetus, of establishing clear lines of responsibility for continuing quality control, providing for periodic review, building into the program a flexibility that will allow for rapid marketing adjustments to meet new problems. Companies that neglect this continuing communications obligation often find their programs grinding to a halt after a period of time.

In addition, the very nature of the airline industry poses special communications problems that are above and beyond those of the average company. In the minds of the flying public (and to a certain degree, non-flying), there is an understandable technical orientation as it relates to airlines — an implied trust of mechanical efficiency. The plane takes off, the plane lands; few really understand why or how but they sincerely *believe* it will happen. If this confidence is shaken in any way, the airline involved is in serious trouble.

Many aspects of our modern society are a result of technology; as a consequence, the public has a tendency to equate the two as one and the same. Thus, in the minds of many, technology = modern, and vice-versa. Following the same line of thought, those that appear less modern are less technically oriented. When this reasoning, regardless of its logical flaws, is applied to airlines the implications can be grave. A communications lag as it relates to a modern, up-to-date image can produce disastrous consequences.

Railroads:

Hoping The Passenger Will Go

Away

If a contest were held for the most maladroit communications strategy of the last 20 years, the railroads might well be the entrants to beat.

"Few industries are as dependent on popular support as the railroads," the Wall Street Journal points out, "and yet the roads sometimes seem to be at war with the public." The Journal goes on to say, "The decline of passenger service is obviously not the fault of the railroads alone...The heavy hand of regulation...denied the railroads the flexibility they would have needed if they tried to meet the competitive threat."

In the eyes of much of the public, the railroads are most in trouble for their apparent disinterest in coping with the problem of declining passenger traffic. There has been a strong suggestion that the railroads simply hope that all passengers will quietly go away.

Like it or not, most railroads *are* in the passenger business. The hope that someday they can totally disengage themselves from passenger responsibility to concentrate on more profitable freight hauling is highly unlikely, to say the least.

Many interested parties see an important future for passenger trains, especially in heavily populated corridors such as Richmond to Boston, Buffalo to Chicago, the Southeast and the West Coast. "There is hardly a better means for moving large numbers of people between substantial traffic-generating points," says Richard J. Barber, deputy assistant secretary of the Transportation Department. The beginning may lie in the new high-speed trains now being tried out under Transportation Department sponsorship between Washington-New York-Boston.

A seeming attitude of the "public be damned" has not done much for the railroad image, especially when one considers there are more than 26 million stockholders in the country today. And then there's the not so small matter of Wall Street; if the future looks bright, no one has bothered to inform the boys downtown yet. Their eyes right now are riveted on glamour

stocks. And many are waiting for the day when the ubiquitous conglomerates turn an appraising eye on railroads; at the current pace they could be a relatively easy morsel to swallow.

The newly formed United Transportation Union, with 250,000 members, is also pushing for a fresh approach. As reported in The New York Times, President Charles Luna commented, "We are using passenger equipment that's 20 to 30 years old. What would happen if the airlines had to operate today on DC-3 s?"

Even the Wall Street Journal offered advice, "...members of the industry could profit from sound corporate communications programs that would not only improve their public image but help them formulate the right future business objectives."

An Old Company—A New Look

In the area of effective corporate communications, a lesson might be learned from our Canadian cousins.

Canadian Pacific was a company with problems not terribly dissimilar to those facing many U. S. railroads. Commenting on the situation, Chairman N. R. Crump said, "Some people saw Canadian Pacific encrusted by tradition—stodgy, drab, monolithic. Generally, Canadian Pacific was viewed as a railway or as a transportation company with dated facilities."

In addition, CP's abandonment of many passenger and branch railway lines had left a bad taste in the mouth of the public.

Accordingly, CP management asked Lippincott & Margulies to study its communications lag and correct it. Specific assignment: to evaluate the communications practices of CP and develop recommendations for the best possible communications program to enhance the company's marketing ability and help project an accurate image to all of its audiences from customers to the financial community.

The strategy developed provided an appropriate and positive set of guidelines for all of Canadian Pacific's communications and marketing efforts. It dealt with both substance (what is done) and style (how it is done) to fit the company now and as it wants to be in the future.

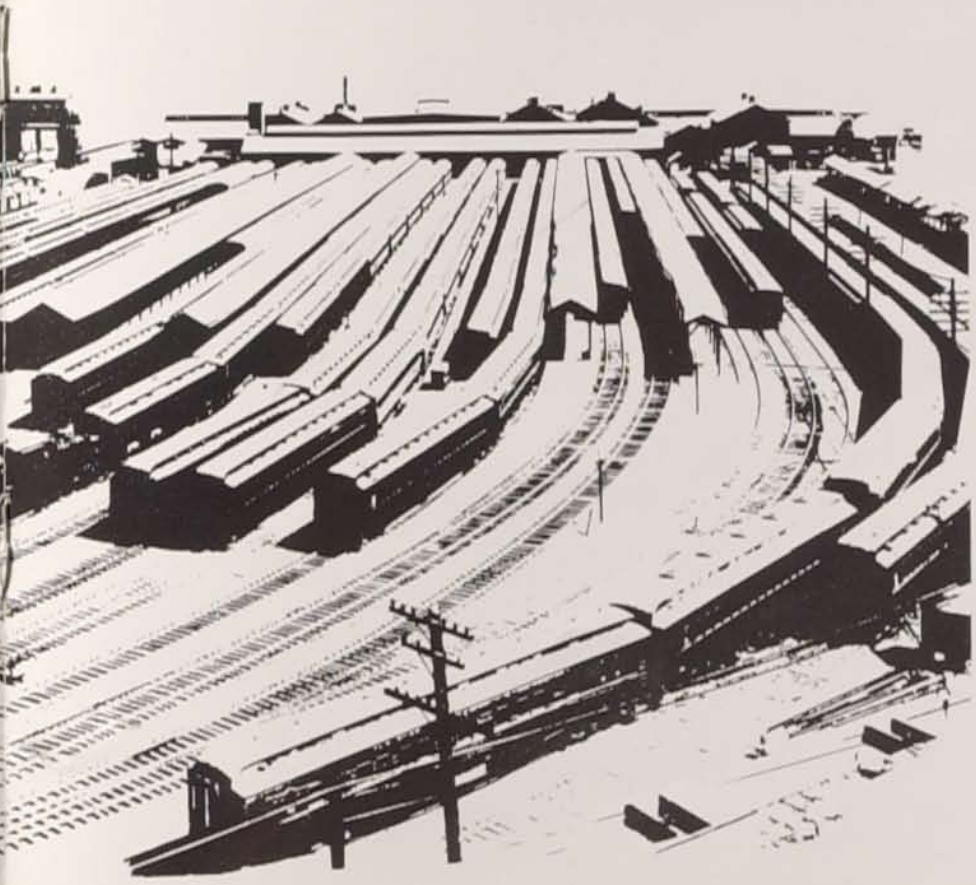
One of the key building blocks in the strategy was the concept that CP in its transportation operations was a *total systems for movement*. In the last decade, it had evolved into a highly

diversified enterprise including rail, air, ships, truck transport, hotels and telecommunications. Said Chairman Crump, "We are no longer a railway company with an airline, some ships and trucks."

Around the thematic core of total systems, seven basic attributes were identified that could be communicated to the public, such as, "provider of a *spectrum of multi-modal services* related to movement." Behind this idea lay sound marketing strategy enabling the company to carve out its place in the market without having any total competitor. Other characteristics were identified such as *responsive and people-oriented, forward looking* and *Canada's face to the world* conveying the strategic role CP plays in international transportation.

Implementation, as it relates to *forward looking*, consisted of new design, generic names, special colors coordinating all transportation complexes but at the same time providing each with a distinctive personality. This systems approach identified all as part of a family of strong units providing a broad spectrum of services.

Time magazine, commenting on the Canadian Pacific operation said, "Now that Chairman Crump's taut ship has reversed course, it is a challenge simply to keep up with the changes CP has left in its wake."



The Holding Company Approach

The holding company approach may be a partial answer to railroad industry woes. This regulatory sidestep, allowing for greater diversification, is attracting more and more adherents; even the mighty Penn Central, subject to approval, has announced plans to form a parent holding company. And crossing industries, United Airlines has proclaimed it will follow the same route.

While this approach may provide the new vitality necessary for continued growth, it also creates some special problems in the realm of communications. A holding company, by its very nature, is diverse, often consisting of many parts; thus a singular and distinctive corporate identity can be difficult to pinpoint. And the effective communication of this identity becomes extremely difficult, especially when a company has had a prior, generally accepted image, as in the case of railroads. This homogenizing effect has a tendency to confuse the public; thus great care should be taken so that the proper identity is formulated and projected, the earlier the better.

Public Utilities:

The Most Vulnerable of Industries

It's axiomatic that almost no one loves his local public utility. Complete indifference would be closer to the truth, and this only when things are running smoothly. But more and more, the utility at times appears to be the public's favorite whipping boy. Perhaps the reason lies in the inherent capitalistic instincts of the American public; if one is unhappy with one's telephone company, choice of a communications alternative is severely limited. In fact, nil.

As a permissive monopoly and closely regulated by the government, it would appear that public utilities would have little reason to really care what people think. Little reason, that is, until current rates or proposed increases come under public attack, or when a vociferous clamor is raised concerning the site of a new plant; little reason until there is a snafu similar to the 1965 East Coast blackout or publicized implications of "authorized eavesdropping" by telephone companies. Then suddenly the good will of the public becomes terribly important.

The fact is that the good will of the public is crucial to utilities at all times. Not only does it influence government regulatory policies, but it vitally affects the ability of these companies to grow and prosper, to raise the new capital they constantly need, even to increase their share of the market. Consider just the political scene; the great majority of political action at state and local levels is heavily weighed in favor of the consumer. And unlike many other companies faced with restrictive legislation or regulation, utilities are geographically tied to their surroundings. They can't move.

As one official of a Midwest utility wryly commented, "Public utilities are footballs for politicians. The name of the game is line up and kick off. Then keep kicking."

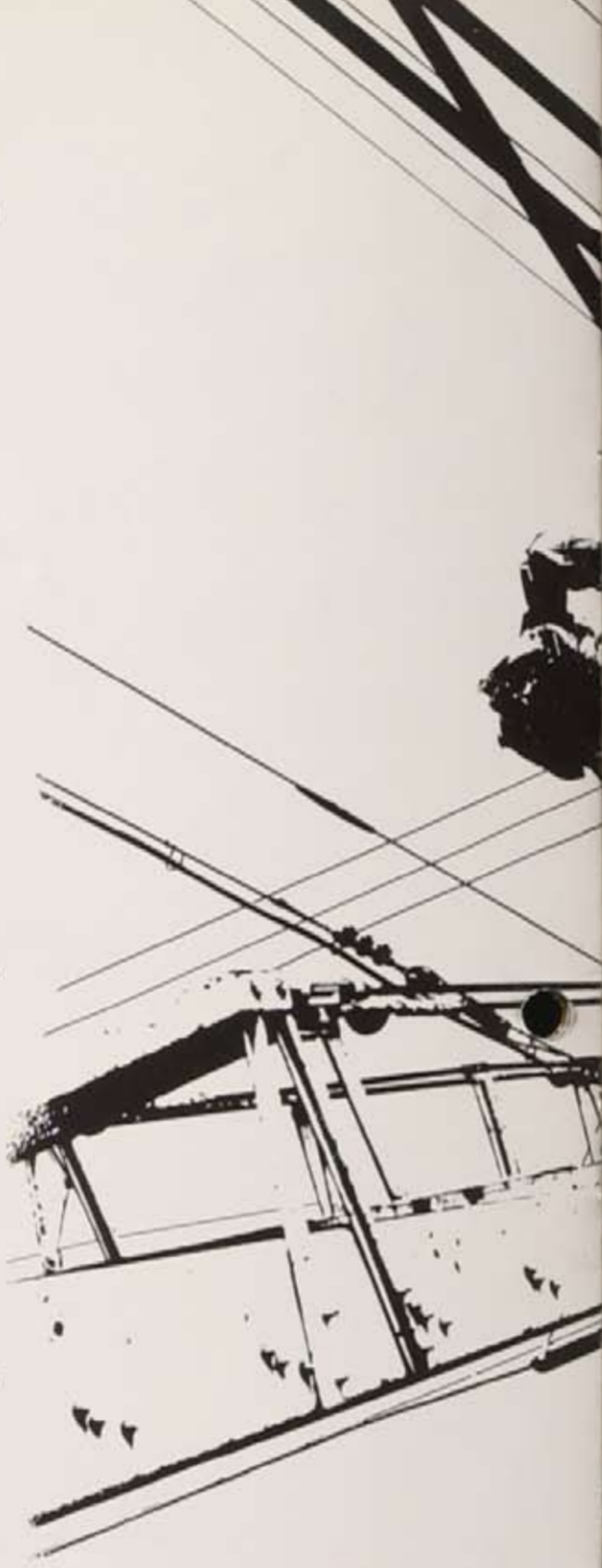
Utilities are also highly vulnerable to government takeover, probably more so than any other industry. Consider this oversimplified but not so hypothetical example:

1. Privately owned transit company requests fare increase to cover rising costs and purchase of new equipment.
2. Local government refuses.
3. Transit services and equipment deteriorate because of lack of money.
4. Public complains.
5. Transit company taken over by local government because of poor performance.
6. Local government raises fares.

A certain grim humor attaches itself to this type of situation, but it has happened. And it can happen again. Much of it emanates from the public's indifference and growing acceptance of government ownership in the utility field.

Even in the area of competition, there is more than meets the casual eye. Except where gas and electricity are supplied by the same utility, there is bitter competition between these two energy suppliers, not to mention the domestic oil heating industry. The rise of new total energy systems for large complexes are also making inroads; such systems generate their own electricity by burning diesel fuel or natural gas. GATE, the Group to Advance Total Energy, expects from 1,600 to 2,000 such installations by 1971.

Sales, earnings and profit margins are important, but not the only measure of success. In the market place, any company is as good as people think it is, the collective impressions of its many audiences. But when the sum total of these attitudes lags behind corporate reality, it is an obvious signal that trouble lies ahead. The frustrating problem confronting corporate management is that since the image exists in the public's mind, it is not something that a company can completely control. But to reiterate an earlier statement—a company can control its *performance* and its *communications strategy*.



The Beginning of a Turnaround

One company that is making an attempt to improve its image is Con Edison, the country's largest gas and electric utility. Described by Fortune magazine several years ago as "The Company You Love To Hate,"

Con Edison's services at the time were taken very much for granted by its customers. There was, however, a negative awareness as it related to air pollution, traffic snarls around street openings and power failures. For years Con Edison's management did little to try and correct this unfortunate image. And when they did, it sometimes backfired—such as painting smokestacks a conspicuous red, white and blue or apologizing for street openings ("Dig we must") with such success that the company got discredit for all of them.

In the latter part of 1967, Con Edison named a dynamic new chairman and chief executive officer, Charles F. Luce. As an integral part of a corporate turnaround, Chairman Luce resolved to adopt a strategy of improved performance linked with more effective communications as recommended in a program developed by Lippincott & Margulies.

The fact that utilities provide services that are often taken for granted offers them a tempting cloak behind which to hide. But this type of invisibility provides little or no protection when the chips are down; consequently a communications strategy was developed that would make Con Edison's services as conspicuous as they are essential to our modern way of life. All channels of communication would be opened to the public.

A cornerstone of the marketing strategy was that Con Edison's essential business was providing *life-support* systems without which the intricate mechanism of modern life would break down. *Technical proficiency* was also stressed—a company on the move, future oriented, cost conscious and highly sensitive to the investigation of new uses for power through revolutionary scientific applications. To relate directly to the public, positive image associations were emphasized, such as the role of energy in making homes warm in winter, cool in summer.

A corporate philosophy was formulated and from it emanated a new communications theme, CLEAN ENERGY, representing the essence of the new program. There remained the difficult job of translating the guidelines into thousands of individual actions—in performance, customer service and public relations. An internal seminar program was set up for Con Edison's 25,000 employees to give them a better understanding of the total corporate effort and their contribution to it.

In relation to the program, the once critical New York Times commented, "... new Chairman Charles F. Luce is trying to make 'clean energy' something more than a slogan."

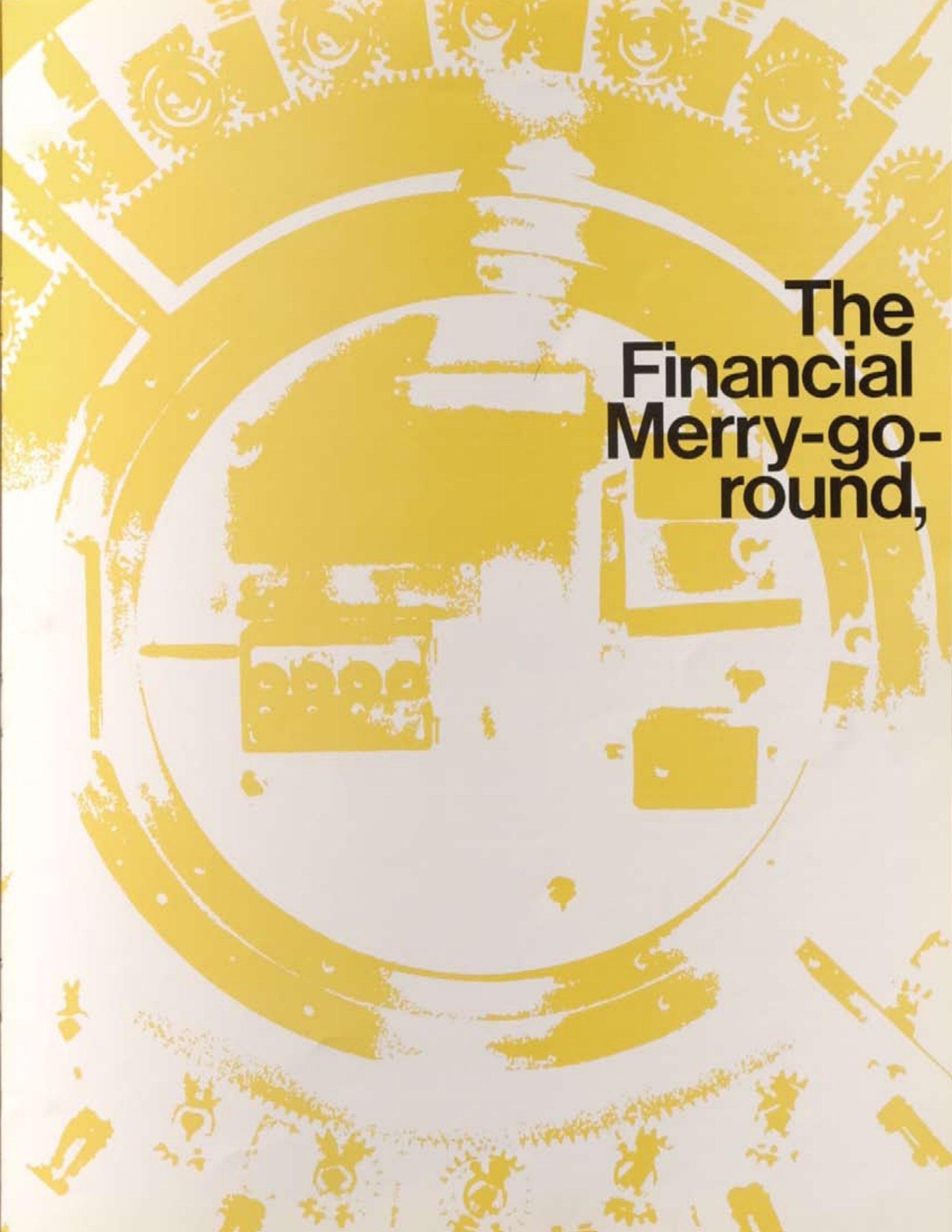
Banks, insurance companies, financial congenerics, all are reaching for the gold ring of increased earnings through diversification. Formation of a holding company is now common practice; more and more of the nation's large banks and insurance companies are following this route to gain advantages not open to them under current banking and insurance regulations (also covered in SENSE 60, "Financial Services: A Field in Ferment").

As it relates to degree of regulation, the New York Times reported that the Bank of America, in announcing plans to form a holding company had to consult with the Federal Reserve Board, the Controller of Currency, the Federal Deposit Insurance Corporation, the Department of Justice and the Internal Revenue Service. With such an impressive list of "helpers," Bank of America might feel justified in believing it belongs to one of the most regulated of industries.

But the grumblings of discontent are already echoing through the corridors of official Washington in relation to one-bank holding companies. Said Federal Reserve Chairman William McChesney Martin in a Business Week article, "I don't think we ought to erase the line between banking and commerce." Adding to this, Fed Vice Chairman, J. L. Robertson, commented, "You will recall that a decade marked by great permissiveness—the 20s—brought almost unrestrained expansion, followed by a collapse and a depression that caused untold suffering." Legislation is coming, there is little doubt of that. The question now seems to be who gets there first, and with what.

A Bland Posture

But this is only a portion of the problem facing the nation's banks, along with insurance companies and some financial congenerics. The problems created by governmental regulation as they relate to airlines, railroads, public utilities are equally applicable to most financial institutions. Namely, a sameness, a bland posture, a lack of vital identity. Even the word, institution, often used when describing banks or insurance companies, evokes an image of ponderous uniformity. This sameness has a deleterious effect on



The Financial Merry-go-round,

both banks and insurance companies in their day-to-day efforts to establish and consolidate a consumer franchise. But what will happen as competing services more and more cross traditional lines? Additional government restrictions will more than likely be imposed, but the great diversity now being sought by banks and insurance companies is probably here to stay; it is doubtful that restrictive legislation will be retroactive. If the public is somewhat confused now (banks selling insurance, insurance companies selling mutual funds, etc.), what will be the effect as the homogenizing process continues? If there is to be a diversified financial department store of tomorrow, it will undoubtedly belong to those innovators who build an effective consumer franchise today.

That is, it will belong to those who are still around. And that could be the catch. For a ripple is now moving across the normally calm sea of finance that may portend a wave of tidal proportions. To hedge against the vagaries of the aerospace business, Avco has picked up the Paul Revere Life Insurance Co., Seaboard Finance and Carte Blanche; Sperry and Hutchinson has announced an agreement to acquire the State National Bank of Connecticut; D. H. Baldwin took over the Central Bank & Trust Co. of Denver. These are only a few examples.

And when Leasco Data Processing Equipment Corp., a company with assets of $984 million can threaten (although unsuccessfully) to take over Chemical Bank, the nation's sixth largest bank with assets of $9 billion, the warning bell that sounds should be sufficient to alert every financial executive to the possible precarious position of his own company.

Even though conglomerates are coming under increasingly heavy fire, it is probably a trend that will not be easily reversed. And both banks and insurance companies are natural attractions for acquisition-minded entrepreneurs; the big plus is needed money and a welcome line of credit. Thus again, as it always must, the solution of the problem returns to a company's *performance*, and the effective *communication* of that performance.

Moving In a Deliberate Manner

There can be little doubt that the tempo of business activity is picking up . . . rapidly. And those companies that can't keep pace are falling by the wayside, one by one. Both banks and insurance companies, not necessarily noted for their swift reaction to events, are

moving too, often in a deliberate manner. But nevertheless, many are improving techniques, seeking new areas of business endeavor, finding innovative ways to put their expertise to work. Thus, their performance is slowly improving to compete more effectively in today's business arena.

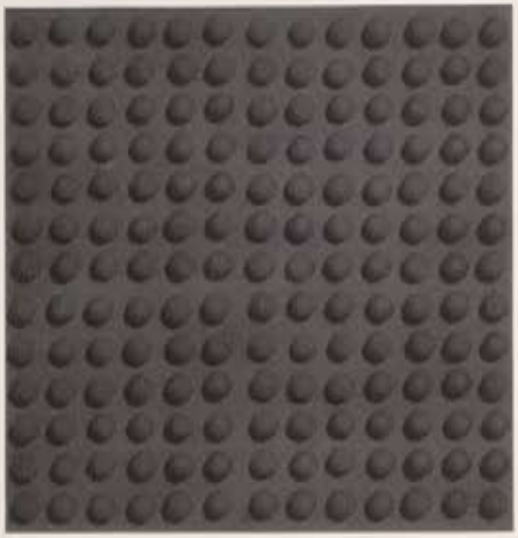
But with few exceptions, their communication of that performance is sadly lacking. Public opinion research conducted by Lippincott & Margulies for both banking and insurance clients at initial stages invariably comes up with similar results. In addition to such expected reactions as "solid," "stable" and "conservative," it is not uncommon to hear such words as "unimaginative," "stodgy," even "dull." And often, to the surprise of clients, these opinions are expressed by their own employees in addition to Wall Street and the public at large.

As mentioned earlier, it is not only what you are, but what the public *thinks* you are that counts. Because when the battle lines are drawn, say, with a proxy fight in the offing, what the public thinks, especially your stock-owning public, outweighs any other consideration. A noted investment banker once said, "Always believe in the implicit greed of people and you'll be ahead of the game."

A carefully planned corporate communications program can be the key to many of the problems plaguing both banks and insurance companies—from breaking out of the pall of sameness to effectively establishing a consumer franchise, from developing new profitable areas of corporate endeavor to instilling a new vitality and dynamism that will give any conglomerate pause.

There are a goodly number of banks and insurance companies embarked on corporate identity programs, but not enough. Some of Lippincott & Margulies' more recent clients in this area include The Fidelity Bank, formerly Fidelity-Philadelphia Trust Co., the Royal Bank of Canada, and Integon, formerly Security Life & Trust Co. Other confidential programs for clients in the financial field are also underway.

In an address before the Bank Public Relations & Marketing Association, Eads Potevent, president of the International City Bank & Trust Co. of New Orleans said, "All over the nation, the old line bankers are sitting up and taking notice that there is more to meeting competition than running a few ads. And they are starting to realize that they need a marketing specialist . . . Those banks which have responded to the trend inevitably are the ones which have come alive."



So far, we have discussed the regulatory problems of airlines, railroads, public utilities, banks and insurance companies. But there are many other industries that also feel the heavy hand of government restriction; some of them include broadcasting, steamships, trucking, pharmaceuticals, mining, oil, agriculture, even building and construction.

Although diverse in their areas of endeavor, each of these industries suffers from that common problem created by regulation: the homogenizing effect described earlier in this article. And this pall of sameness has the added effect of creating a blurred image in the minds of your most important publics.

No matter how regulated you are, you have the ability, the opportunity, no, the obligation, to create a strong franchise in the minds of your audience. Your name—and what the public associates with it—is one of your company's greatest assets. Never before has the combination of good management and effective communications been so important to future success.

Because like it or not, federal regulation must be regarded as here to stay, possibly to increase. There is no trend in the immediate future toward less government involvement. At best there could be an air of regulatory caution. Consequently, the industries in question have an even greater communications obligation.

Time Is Running Out

One thing that many highly regulated companies have in common is a leisurely approach to business. Often when confronted by a problem, there is a tendency to examine it and re-examine it over a lengthy period, and when in doubt, stand pat. Possibly the snail's pace set by most government agencies has provided the example. But it is a way of doing business, a luxury, that companies can no longer afford because time is running out.

The pace of business today is such that no company can afford to lag behind. And you can be assured, to the quick will go the victory. This is equally true of industries not under the shroud of regulation. For example, when DuPont invented nylon, it had a lead time of 15 years ahead of competition. Recently, when it introduced Corfam, it expected a lead time of about five years. As it turned out, Goodyear had a plant producing a similar product inside of two years.

A communications lag can be just as fatal. Because what was good ten years ago simply won't work today. More and more, the real competitive values lie in the excellence of your communications. Step back, take a fresh look at your business as it relates to your industry and to the environment of today's marketplace. In the course of doing business, every company develops certain strengths and weaknesses. Determine exactly what they are. Acquire the all-important self-knowledge that tells you exactly who you are, where you're heading and where you want to go. If you have true claims of difference, carefully build them up and project them to your publics through sophisticated communications. If not, then create them.

To come alive, this must be the goal. To revitalize your company in the eyes of your most important publics—customers, prospects, employees, stockholders, suppliers, Wall Street, the government, the press. To carefully build your image in all of the seen and unseen ways that will set you apart and guarantee your success in the marketplace of today.

It can be done. It has to be done. Look around you, the truly successful companies are doing it.

But remember, time is running out.

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